

Message Text

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TO SECSTATE WASHDC PRIORITY 712
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C O N F I D E N T I A L KUALA LUMPUR 4382

EXDIS

E.O. 11652: GDS
TAGS: PFOR, MASS, MY, SN
SUBJ: MALAYSIAN M-16 PURCHASE

REF: KL 4297

1. COLT MANAGER FOR INTERNATIONAL SALES ROB ROY ON JUL 18 GAVE CHARGE' COMPLETE DEBRIEF ON HIS RECENT CONVERSATION (REFTEL) AT MINISTRY OF DEFENSE. ROY CLARIFIED THAT "SPECIAL DELIVERY" OF 5,000 TO 10,000 RIFLES THAT HE HAD DISCUSSED WITH MINDEF WOULD HAVE TO COME FROM THE 10,000 PER MONTH NOW BEING DELIVERED TO U.S. ARMY. HE SAID COLT ALREADY HAS GENERAL AGREEMENT WITH U.S.A. TO SLIP 5,000 A MONTH WHEN NECESSARY. (THIS WAS AGREED WHEN IT LOOKED LIKE IT WOULD BE NECESSARY TO DO SO TO SUPPLY URGENT PHILIPPINE NEEDS.)

2. THEREFORE, ROY HAS PROPOSED AS BASIS OF NEGOTIATIONS STARTING AUG 20 SHIPMENT OF 10,000 M-16'S IN FALL OR EARLY WINTER AND STARTING IN MARCH, 10,000 A MONTH FOR THREE MONTHS UP TO 41,000 TOTAL. (THIS DIFFERS FROM 2,000 RIFLES PER MONTH CITED REFTEL.) MINDEF ALSO INTERESTED IN SUBSTANTIAL SPARE PARTS WHICH ROY ESTIMATES WOULD BE EQUIVALENT OF PURCHASE OF ANOTHER 5,000 M-16'S IN TERMS OF COST AND PRODUCTION. PRICE WILL BE SUBJ OF NEGOTIATIONS BUT RUNS ABOUT \$225 PER RIFLE INCLUDING MAGAZINE, CLEANING KIT AND
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PAGE 02 KUALA 04382 290846Z

SLING. MALAYSIANS WANT FOUR EXTRA MAGAZINES AND BAYONET,

WHICH WOULD RUN PRICE TO NEIGHBORHOOD OF \$260. THIS WOULD ALSO INCLUDE ARRANGEMENT FOR HALF-DOZEN OFFICERS TO GO TO HARTFORD FOR TRAINING AND ORIENTATION.

3. ROY DID NOT HAVE FIGURE OF ULTIMATE PURCHASE BUT THOUGHT SUGGESTION OF 100,000 OVER THREE TO FOUR YEAR PERIOD PROBABLY ACCURATE. HE ALSO UNDERSTANDS POLICE WANT 20,000 BUT BELIEVES THIS WILL BE SEPARATE PURCHASE.

4. ROY ALSO REPORTED THAT MALAYSIANS USING UP AMMUNITION AT TERRIFIC RATE AND HE FORESEES POSSIBLE PROBLEM. THEY NOW HAVE ONLY 30 MILLION ROUNDS OF 5.56 MM ON HAND WHICH WILL NOT GO FAR. (THEY ALSO RUNNING OUT OF 7.62 MM AMMUNITION) ROY SAID HE ADVISED GOM TO CONTACT WINCHESTER IMMEDIATELY BECAUSE SIX TO EIGHT MONTHS LEAD TIME NORMALLY NECESSARY FOR SIZEABLE ORDER. HE COMMENTED TO CHARGE' THAT MALAYSIAN EXPLOSIVES COMPANY (PARTIALLY GOVERNMENT-OWNED) WHICH HAS BEEN LOADING 7.62 HERE WILL BE CONVERTING TO 5.56 BUT CONVERSION WILL TAKE SIX TO EIGHT MONTHS AND MEC THEN WILL PRODUCE ONLY 15 MILLION ROUNDS PER YEAR UNLESS ADDITIONAL LINES OPENED.

5. RECOMMENDATION: THAT WE GO ALONG WITH COLT ON SUGGESTION TO DIVERT SOME PRODUCTION SCHEDULED FOR U.S. ARMY THIS FALL (VICE TEAM'S RECOMMENDATION CONTAINED PARA 5 KL 4295 THAT WE SOMEHOW DELIVER 2,000 RIFLES IN OCT. AND NOW.). AS WE HAVE REPORTED, GOM UP TO AND INCLUDING PRIME MISISTER, PLACES EXTRAORDINARY IMPORTANCE ON M-16 PROCUREMENT. DILLON

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